

ORIGINAL

MEMORANDUM



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TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

2010 FEB -31 P 3:18

AZ CORP COMMISSION
DOCKET CONTROL

DATE: February 2, 2010

RE: MONTEZUMA RIMROCK WATER CO., LLC (DOCKET NOS. W-04254A-08-0361
AND W-04254A-08-0362)

In Decision No. 71317, dated October 30, 2009, the Arizona Corporation Commission ("Commission") approved the application of Montezuma Rimrock Water Company, LLC ("Montezuma Rimrock" or "Company") for approval of a rate increase and financing. As part of Decision No. 71317, the Commission ordered the following:

"...Montezuma Rimrock Water Company, LLC shall file with Docket Control, as a compliance item in this Docket, by December 31, 2009 a copy of the Arizona Department of Environmental Quality Certificate of Approval of Construction for the new Well #4."

On December 11, 2009, Montezuma Rimrock filed for an extension of time until June 30, 2010 for the provision of the Well #4's Approval of Construction ("AOC"). The Company identified that the rationale behind the request was found in the processing of the item at the Arizona Department of Environmental Quality ("ADEQ"). The Company states that "ADEQ has informed MRWC that an AOC will not be granted until the installation of the Arsenic Treatment System is complete" and this prevents the Company from obtaining the Well #4 AOC prior to the December 31, 2009 due date.

The water quality of Well #4 does not currently meet drinking water standards due to exceedance of the arsenic maximum contaminant level. Therefore, no AOC would be issued from ADEQ for Well #4 without an AOC for the arsenic treatment system. This has been confirmed with the water quality compliance section of ADEQ.

In short, arsenic treatment is the precursor to ADEQ being able to properly conclude that an AOC approval is warranted for Well #4. As such, Staff agrees with the Company that an AOC for Well #4 would not be granted by ADEQ until the installation of the Arsenic Treatment System is complete.

Based on all of the above, Staff does not object to Montezuma's request for an extension of time until June 30, 2010 to provide the AOC related to Well #4.

SMO: BKB:lhbm

Originator: Brian K. Bozzo

Arizona Corporation Commission
DOCKETED

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SERVICE LIST FOR:
DOCKET NO.

MONTEZUMA RIMROCK WATER CO. LLC.
W-04254A-08-0361 & W-04254A-08-0362

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